

## **Government Oversight Committee**

### **Improving Effectiveness and Efficiency of Statutorily-Required Evaluations of the State's Economic Development and Research and Development Programs**

#### **Questions to Consider for Establishing Desired Objectives/Results from Evaluations**

Review current objectives for DECD evaluations in statute which are listed below. Are these still relevant? Are they specific enough? What is expected to result from pursuing these evaluation objectives that would be useful information for legislators?

1. Establish and report on outcome measures considered appropriate by public and private practitioners inside and outside of this State in the fields of research and development and economic development. Measures shall include, but not be limited to those that:
  - assess the overall economic performance of economic development incentives as defined in §13070-J.1.D as demonstrated by the number of jobs created and wages paid that are attributable to the program, and any state revenues that are attributable to the activities of the program;
  - assess the competitiveness of the technology sectors in this State and the impact of research and development activities in the State on economic development activity in this State. The goals and objectives described in the State's innovation economy action plan, as described in Title 10, chapter 107-D, shall be incorporated into the analysis of the success of the State's investments in research and development;
  - assess the effect of economic development activities on the competitiveness of industry sectors in this State.
2. Include recommendations on:
  - existing state-supported economic development programs and activities to affect economic development in this State; and
  - existing state-supported research and development programs and activities to affect technology-based economic development in this State.

Review current objectives established in statute for Tax Expenditure evaluations which are listed below. Which, if any, of these objectives would legislators like to see pursued in evaluations of individual economic development programs that are not tax expenditures? Which, if any, of these objectives are of interest/relevance in a broader evaluation of the portfolio of economic development and R&D programs as a whole?

- (a) The fiscal impact of the tax expenditure, including past and estimated future impacts;
- (b) The extent to which the design of the tax expenditure is effective in accomplishing the tax expenditure's purposes, intent or goals and consistent with best practices;

- (c) The extent to which the tax expenditure is achieving its purposes, intent or goals, taking into consideration the economic context, market conditions and indirect benefits;
- (d) The extent to which those actually benefiting from the tax expenditure are the intended beneficiaries;
- (e) The extent to which it is likely that the desired behavior might have occurred without the tax expenditure, taking into consideration similar tax expenditures offered by other states;
- (f) The extent to which the State's administration of the tax expenditure, including enforcement efforts, is efficient and effective;
- (g) The extent to which there are other state or federal tax expenditures, direct expenditures or other programs that have similar purposes, intent or goals as the tax expenditure, and the extent to which such similar initiatives are coordinated, complementary or duplicative;
- (h) The extent to which the tax expenditure is a cost-effective use of resources compared to other options for using the same resources or addressing the same purposes, intent or goals; and
- (i) Any opportunities to improve the effectiveness of the tax expenditure in meeting its purposes, intent or goals.

Review the most recent report produced from DECD's statutorily required independent evaluations of economic development and R&D programs listed below. What types of information, analyses or recommendations contained in this report are of interest and value to legislators?

**January 2016 - Comprehensive Evaluation of Maine's Research & Development and Economic Development Incentive and Investment Programs.** Members of GOC, LCRED and Taxation that attended the March 11, 2016 GOC meeting and report presentation by Investment Consulting Associates received a printed copy of this report which combined the economic development and R&D reviews. The link to this report on DECD's website is <http://www.maine.gov/decd/reports-pubs/docs/January%202016%20Comprehensive%20Evaluation%20of%20Maines%20Incentive%20and%20Investment.pdf>

Should the programs, or entire portfolio of programs, be evaluated against an established and consistent State strategy, goals, objectives, benchmarks and/or performance indicators? If so, what are these and/or what entity should be responsible for establishing them?

In previous testimony at GOC meetings, members of the GOC, as well as attending members of the LCRED and Taxation Committees, were made aware that statutory authority and responsibility to develop a long-range plan and strategy for the State's economy currently lies with the Maine Economic Growth Council. However, although the Council has been producing the Measures of Growth in Focus reports for many years now, the Council's efforts have not reached as far as developing and recommending the long-range plan as envisioned by statute. The Council's purpose, duties and specifics of what the long-range plan is to include are described in Title 10 §§929-A, 929-B and 929-C.